



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA  
Chief Executive Officer

August 7, 2007

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**DEPARTMENT OF PUBLIC WORKS: FIND CONTRACTOR IN DEFAULT  
PROJECT ID NO. FCC0000715  
COOKS CANYON CRIB DAM M1-A DEBRIS BASIN OUTLET DRAIN SYSTEM  
CITY OF GLENDALE  
(SUPERVISORIAL DISTRICT 5)  
(3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD ACTING AS THE GOVERNING BODY OF THE  
LOS ANGELES COUNTY FLOOD CONTROL DISTRICT:**

1. Find the Contractor, G. Coast Construction, Inc., and its principal owner and president, Ezra Levi, are not complying in good faith with the contract.
2. Find the Contractor, G. Coast Construction, Inc., in default of their contract, and authorize the Director of Public Works, or his designee, to serve written notice on the project surety, Lincoln General Insurance Company of Pennsylvania, to complete the work of the contract.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of the recommended action is to find G. Coast Construction, Inc. (G. Coast), in default of contract. Due to the failure of G. Coast to properly comply with or fully understand the contract documents, workmanship problems with the work performed, the causing of false documents to be created, and the submission of a false document for payment, the Department of Public Works recommends your Board find G. Coast and its principal owner and president Ezra Levi in default of the contract. This recommended action will also authorize the Director of Public Works, or his designee, to serve written notice upon Lincoln General Insurance Company of Pennsylvania to complete the project in accordance with the plans and specifications.

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan directs that we provide Service Excellence (Goal 1), Fiscal Responsibility (Goal 4), and Community Services (Goal 6). The recommended action will allow completion of the project by the surety thereby improving the operation and maintenance of the flood control debris basin at no additional cost to the Department of Public Works except for minimal administrative expenses.

### **FISCAL IMPACT/FINANCING**

There will be no impact to the County General Fund.

There will be a minimal fiscal impact from the originally anticipated project cost if the surety assumes responsibility for completing the work of the contract.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

On November 29, 2005, Agenda No. 63, your Board advertised the project and directed the Director of Public Works to accept sealed bids on January 5, 2006. On January 31, 2006, the Department of Public Works recommended and your Board awarded a contract to G. Coast for the construction of a reinforced concrete inlet and outlet structure and drain pipe, excavation and grading, paving an access ramp, and other appurtenant work. The term of the contract was 60 working days. The contractually required payment and performance bonds were furnished by Lincoln General Insurance Company of Pennsylvania for 100 percent of the contract amount.

The Notice to Proceed with construction was issued on February 1, 2006, and allowed G. Coast until April 7, 2006, to begin operations. This time period was to be used to provide the required submittals and shop drawings for approval and acquire the necessary construction materials to begin construction. This period was extended to July 31, 2006, due to permit requirements stipulated by the California Department of Fish and Game and the U.S. Army Corps of Engineers. During this six-month period, G. Coast failed to provide the required submittals and acquire the necessary materials in sufficient time to begin construction of the project once the permit requirements were met.

On Friday, September 15, 2006, G. Coast started construction on the project and began performing work; however, G. Coast failed to implement the approved dewatering and surface water diversion plans as prepared by their engineer and approved by the Department of Public Works. The following Monday, September 18, G. Coast drove a piece of heavy construction equipment into standing water in the basin where it sank and became stuck because of their failure to implement the dewatering and diversion plans. This act posed a risk to the environment due to leakage of oil and fuel. The equipment remained partially submerged for five days while G. Coast demanded direction from the Department of Public Works on how to remove it. After inspection by the Department of Public Works' Environmental Compliance Unit, G. Coast was served notice on September 20 of their noncompliance with the surface water

diversion plan. G. Coast was again notified on October 20 of noncompliance to properly implement the surface water diversion plan. The lack of a properly installed surface water diversion plan resulted in excessive water within the construction area during a small rainstorm the weekend of October 14, 2006. The absence of a properly installed water diversion hampered G. Coast's ability to perform the work effectually.

As operations continued, it became evident to the Department of Public Works that G. Coast did not understand or agree with many of the contract requirements. On at least two occasions, G. Coast worked without an inspector present, which is in direct violation of the standard specifications. On one of those occasions, October 3, 2006, G. Coast began digging a 10- to 20-foot deep trench without installing shoring as specified on the contract drawings. G. Coast was well aware of the shoring requirements, having complained repeatedly about the possibility of hitting rocks if required to use the Department of Public Works' required solid support shoring. This deliberate act of digging a trench without an inspector being present and failing to install the required shoring exposed the heavy equipment operator, other G. Coast employees, Department of Public Works personnel, and the public to the risk of serious injury. The nonshored trench also exposed the Department of Public Works to liability of damaging public and private property in the event of a collapse. The contract specifications as well as the State Division of Industrial Safety require any trench in excess of five feet in depth be properly braced or shored. When the unshored trench was observed, G. Coast was immediately directed to correct the dangerous condition.

To achieve the grading elevations within the basin as detailed on the plans, the contract requires the exporting and disposal of approximately 2,600 cubic yards of accumulated material. G. Coast sought to increase the contract value by at least \$156,000 claiming that the \$60 per cubic yard bid for Item 12 (Unclassified Excavation) in the original bid proposal was for grading of material only. Mr. Levi stated the removal and disposal of material was not part of his bid and if the Department of Public Works wanted the material removed and disposed of, it would cost an additional \$60 per cubic yard by change order. G. Coast repeatedly refused to export and dispose of the material or follow the Department of Public Works' directive to do so under the disputed work provisions of the contract. The material remains in the basin today, and the proposed grade elevations called for on the plans have not been achieved.

While G. Coast refused to export the unclassified material, they did excavate, remove, and dump approximately 41 dump-truck loads of wet material on Los Angeles County Flood Control District's property located just below the basin without a permit, Department of Public Works authorization, or implementation of any environmental Best Management Practices. The Department of Public Works made repeated demands for G. Coast to remove and properly dispose of the material. Rather than export the material, G. Coast dumped it back into the basin and demanded payment for extra work.

In late October, progress by the contractor stalled. G. Coast continued to disagree with the Department of Public Works regarding virtually every aspect of the scope of the work on the project. With minimal progress made to construct the project and no reasonable hope of completion before the onset of the rainy season, the project was suspended by the Department of Public Works on November 16, 2006. The project currently remains in suspension.

In addition to these workmanship issues, G. Coast and its owner Ezra Levi also demonstrated a lack of business integrity with a deliberate attempt to gain payment for work not performed. Mr. Levi personally caused G. Coast's environmental consulting engineer to generate a false invoice. Mr. Levi and G. Coast then submitted this false invoice to the Department of Public Works for payment. Substantial evidence demonstrates these acts meet the elements for false claims as set forth in Government Code Sections 12650 and 12651(a)(1) and (a)(2). Fortunately, the Department of Public Works paid only the actual entitlement. However, the diligence of the Department of Public Works does not absolve Mr. Levi and G. Coast of their actions.

The contract specifications provide for the termination of the contract, without liability for damage, by your Board if your Board finds the contractor is not complying in good faith. A contractor is not complying in good faith if the contractor fails to execute the work in the manner and at such locations as specified or if the contractor is not carrying out the intent of the contract.

The Department of Public Works maintains that G. Coast failed to execute the work in the manner and at such locations as specified and is not carrying out the intent of the contract. G. Coast has not provided a completed project in accordance with the terms and conditions of the contract, and the project remains in a state of incompleteness. Further, G. Coast has submitted a false document, which is additional evidence of a lack of good faith.

#### **ENVIRONMENTAL IMPACT**

This project is categorically exempt pursuant to Class 2(b) and 4(b) of the revised County Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Sections 15302 and 15304 of the California Environmental Quality Act Guidelines.

#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The project will have a positive impact by improving the operation and maintenance of a flood control facility.

The Honorable Board of Supervisors  
August 7, 2007  
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**CONCLUSION**

Please return one adopted copy of this letter to the Department of Public Works, Construction Division.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. T. Fujioka', with a stylized flourish at the end.

WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:DLW  
JTS:en

c: County Counsel  
Office of Affirmative Action Compliance